

## **Implementation Dates of The Credit CARD Act**

### **P.L. 111-24**

The CARD Act contains three separate implementation dates, 90 days, 9 months and 15 months after enactment. The break-out below lists when provisions become effective.

#### **August 20, 2009—already took effect**

- Provide increased written notice to consumers of any increases in the interest rate or otherwise makes a significant change to the terms of a credit card account;
- Inform consumers of their right to cancel the card before the rate hike goes into effect;
- Send statements to consumers 21 days before the due date of any payments.

#### **Will Become Effective Monday, February 22, 2010**

- Prohibits arbitrary interest rate increases and universal default on existing balances;
- Prohibits issuers from charging over-limit fees unless the cardholder elects to allow the issuer to complete over-limit transactions, and also limits over-limit fees on electing cardholders;
- Requires payments in excess of the minimum to be applied first to the credit card balance with the highest rate of interest;
- Prohibits issuers from setting early morning deadlines for credit card payments;
- Prohibits interest charges on debt paid on time (double-cycle billing ban);
- Requires issuers extending credit to young consumers under the age of 21 to obtain an application that contains: the signature of a parent, guardian, or other

individual 21 years or older who will take responsibility for the debt; or proof that the applicant has an independent means of repaying any credit extended;

- Protects recipients of gift cards by requiring all gift cards to have at least a five-year life span, and eliminates the practice of declining values and hidden fees for those cards not used within a reasonable period of time.

**Will Become Effective August 22, 2010**

- Requires penalty fees to be reasonable and proportional to the omission or violation.
- Requires that creditors periodically review all interest rate increases since January 2009 and reduce rates when a review indicates that a reduction is warranted.
- Amends the Electronic Fund Transfer Act to limit dormancy, inactivity, and service fees associated with gift cards.